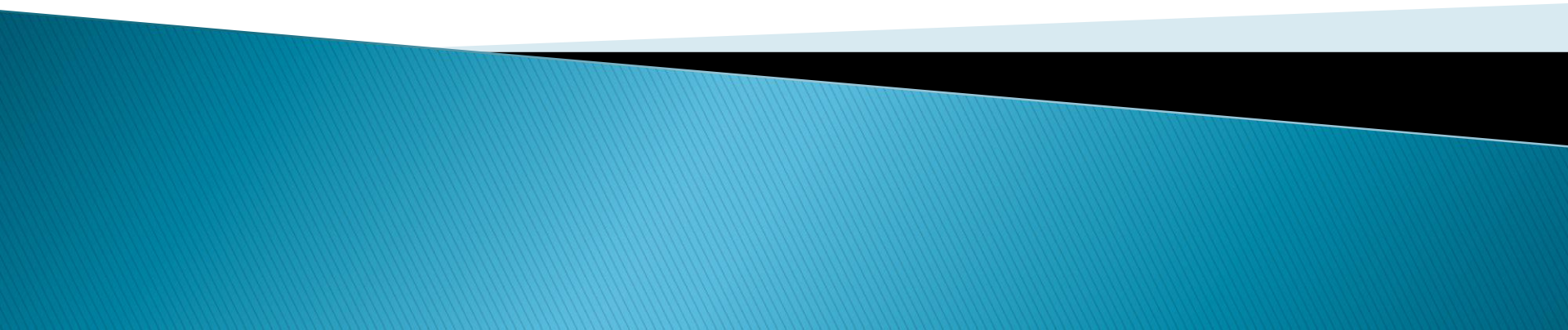




The **VOLT** *Fund*
Energizing Maryland's Small Businesses

HISTORY

- 2008 Video Lottery Terminal legislation included a 1.5 percent set-aside of revenue for loans for small, minority, veteran, and women-owned businesses in Maryland
 - The Maryland Department of Business and Economic Development manages revolving loan fund for the state
 - AAEDC approved in April, 2013, to be a fund manager
 - The VOLT Fund = AAEDC's program
 - Cecil County → Harford County → Anne Arundel County
- 

REQUIREMENTS

TARGETED AREAS: 50% of the fund to small businesses located within a 10-mile radius of Maryland's four casinos:

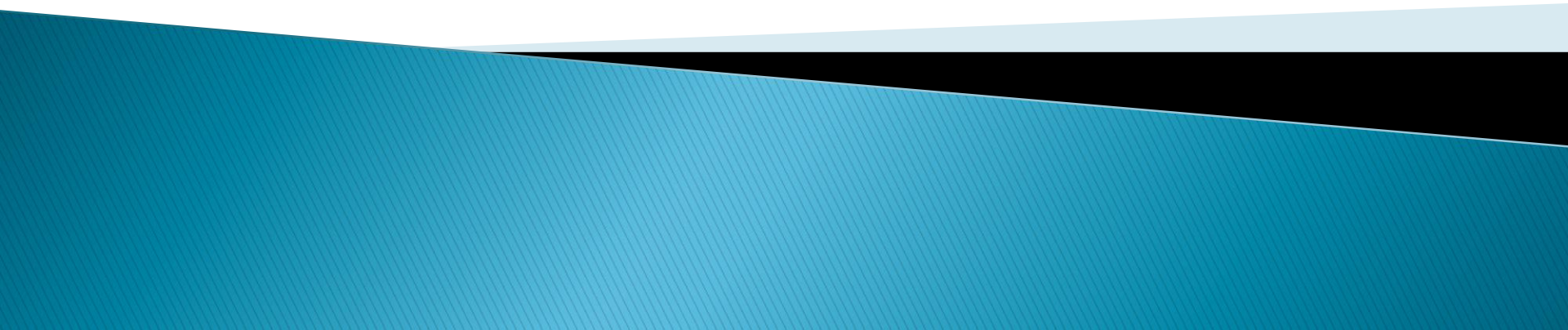
- Casino at Rocky Gap (Allegany County)
- Maryland Live! (Anne Arundel)
- Hollywood Casino Perryville (Cecil County)
- Casino at Ocean Downs outside of Ocean City (Worcester County)

NON-TARGETED AREAS: Remaining funds for loans to small, minority, veteran, and women-owned businesses located in other areas of the state

AAEDC planned allocation:

- 70% conventional small business
- 30% early-stage technology companies

LOANS TO SMALL BUSINESS

- Loan amounts from \$25,000 – \$500,000
 - Priced at below current market interest rates (2%–5%)
 - Eligible purposes:
 - business or commercial real estate acquisition
 - building improvements
 - equipment/vehicle purchase
 - leasehold improvements
 - business start-up costs
 - working capital
 - Start-ups and existing businesses eligible
- 

APPLICATION PROCESS

- Use of standard underwriting practices
 - Repayment capacity
 - Financial strength of the company/guarantors
 - Industry and management experience
 - Collateral protection
- A noticeable benefit of the ability to think outside the traditional lending box
- Total processing time is 45–90 days
- 3 years of financial statements, tax returns on the company and guarantors, and a personal financial statement
- Post-closing servicing administered by AAEDC staff:
 - Loan monitoring, billing, and servicing

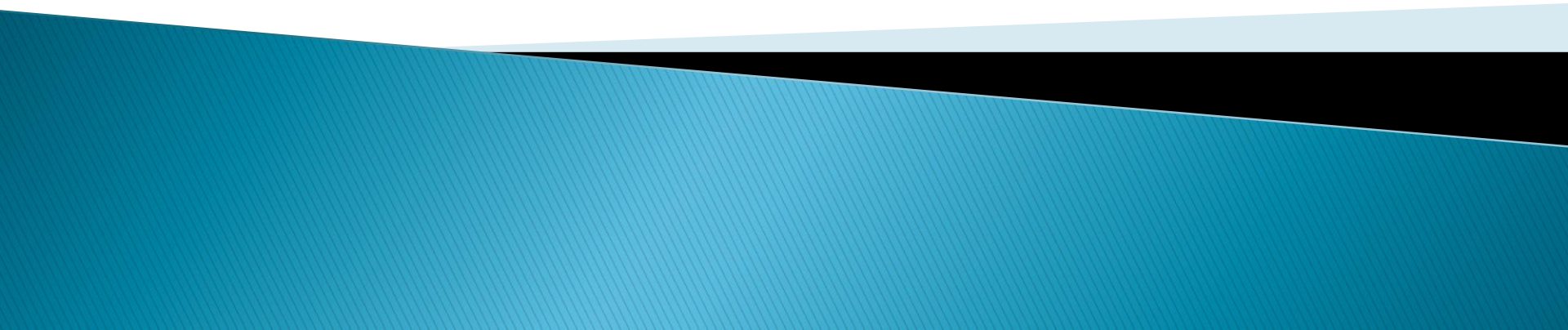
LOAN REQUIREMENTS

- Personal credit score (640 or above)
- Historical/projected Debt Service Coverage Ratio (DSCR) multiplier of 1.00x
- Collateral required when available
- All owners over 20% stake must personally guarantee the loan
- Life insurance on owner/guarantor where no valid succession plan is in place

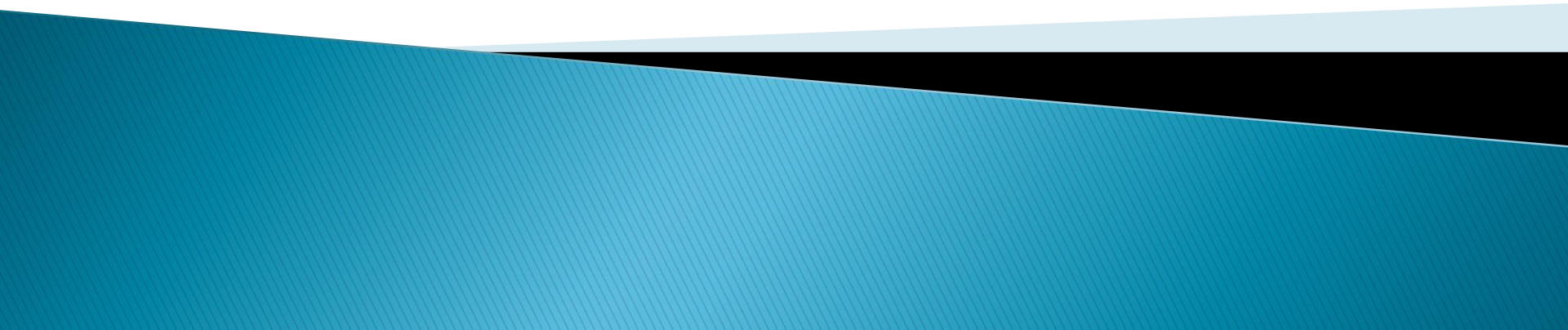
In addition, for start-up businesses:

- Minimum equity injection of 10%
- Business plan required
- Management and industry experience

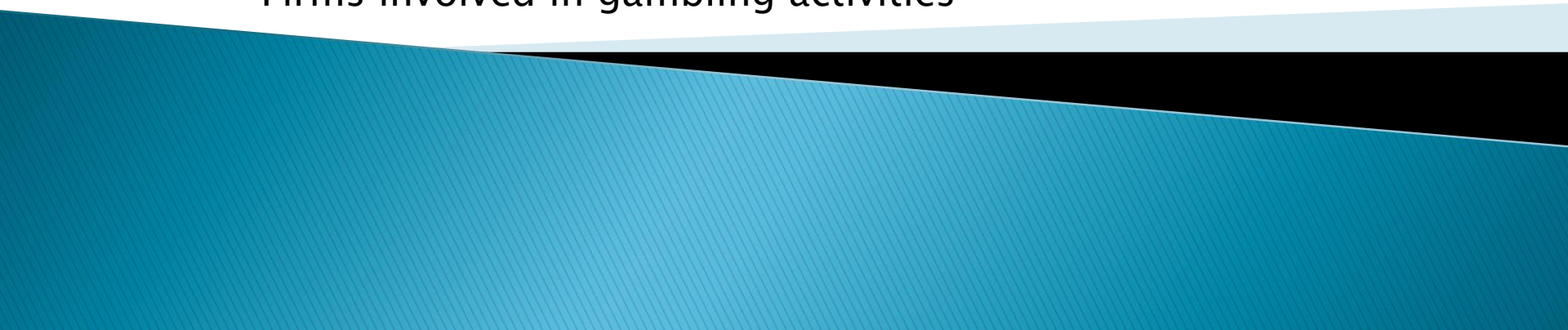
LOANS TO TECHNOLOGY COMPANIES

- Promising early stage technology companies
 - Loan amounts range from \$100,000 to \$250,000
 - Long term debt with payment deferred to future liquidity event
 - Liquidity event is defined as an IPO, future investment of at least 4 times the amount of the original loan, or sale of the company
 - Typical investor due diligence and evaluation process
- 

ELIGIBILITY CRITERIA FOR TECHNOLOGY COMPANIES

- Loans are evaluated by a 5 person investment committee
 - Review of the following when evaluating these applications:
 - Strong management team
 - Proof of concept (Does the technology work and is there a market?)
 - Defendable intellectual property with clear ownership or licensing arrangement?
 - Does the borrower have the ability to get follow-up funding in 24–60 months?
- 

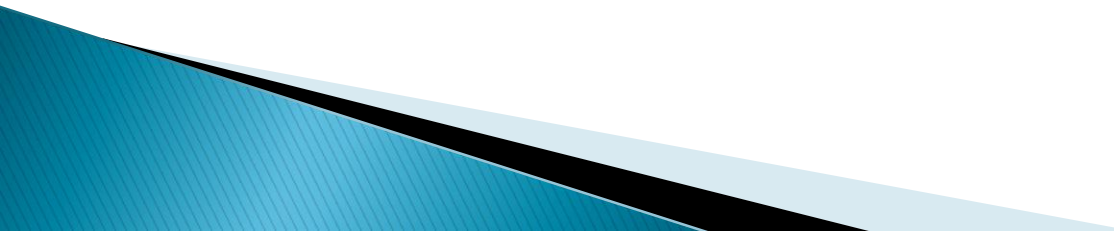
EXCLUDED TRANSACTIONS & INDUSTRIES

- Loans to effect ownership change that will not benefit the business
 - Loans for the reimbursement of funds owed to an owner or reimbursement of equity injection
 - Loans for repayment of delinquent state or federal taxes
 - Non-owner occupied real estate
 - Firms involved in gambling activities
- 

EXCLUDED TRANSACTIONS & INDUSTRIES

- Adult bookstores/entertainment facilities
 - Gun shops
 - Liquor stores
 - Pawn shops
 - Tanning salons
 - Tattoo parlors
 - Check-cashing services
- 

RESULTS

- Started taking applications May 1, 2013
 - Approved 21 loans in the amount \$3,033,750
 - 65.63% are either a woman, minority, or veteran-owned business
- 

Questions?

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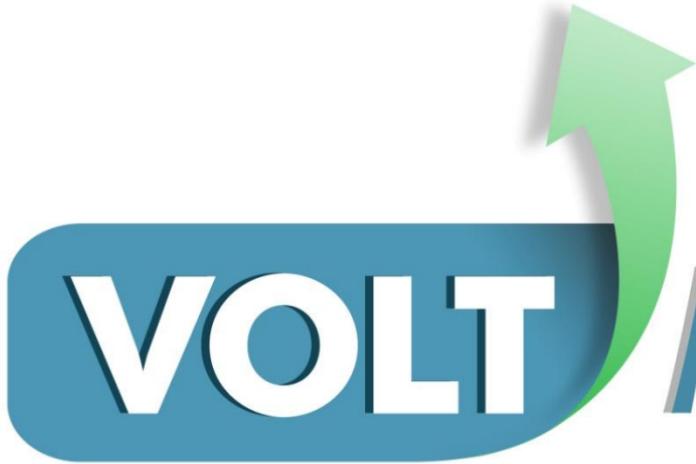
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